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RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 0170
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0278
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SUBJECT: IAEA/BOARD:KAKODKAR PROMISES PRUDENCE AT INDIA
BOARD

REF: UNVIE 408

Classified By: Ambassador Gregory L. Schulte, reasons
1.4 (b) and (d)

1.(C) In an usually warm July 31 discussion, Ambassador and Indian Department of Atomic Energy Chairman Anil Kakodkar reviewed the prospects for the August 1 IAEA board decision on the Indian safeguards agreement and next steps in implementation of the US-India nuclear deal. Looking ahead to the board meeting, Kakodkar indicated that he would take the advice of IAEA Director General ElBaradei and refrain from any substantive intervention, unless someone says something so egregious that "I'd lose my job if I just sat there like a dumb person." "My objective is to get it through," Kakodkar commented, adding that the Director General said the IAEA Secretariat would plan to respond to substantive questions about the agreement from Governors. He underlined that the political situation in Delhi remains very fragile, and as a result "the tolerance within the country for any deviation is very small." Kakodkar encouraged the Ambassador to use his statement to fame the agreement broadly, noting benefits "for non-proliferation, climate change, energy security and the strategic partnership with the US."

2.(C) Ambassador raised Kakodkar's meeting with ElBaradei on the Additional Protocol (AP), asking how the AP discussions had gone. Kakodkar gave a generally upbeat report, describing the talks as going forward on the right track even though this is a "complex problem." We can certainly say we have made "substantial progress" Kakodkar argued, while noting that he would not want to give the impression it's going to happen tomorrow -- it's a question of resource allocation. Once the safeguards agreement is out of the way, he continued, the Indian side will turn its focus to NSG, where India is counting on a "clean and unconditional exception." Responding to Ambassador's point that others were engaged on this issue, Kakodkar twice repeated the Indian requirement for a "clean and unconditional exception."

3.(C) DCM raised two issues from Under Secretary Burns' recent visit to India (reftel), noting that both the Convention on Supplementary Compensation (CSC) and our request for Indian support of the IAEA's fuel supply arrangements involved issues where DAE leads. On CSC, Kakodkar explained that India is following a two step approach, working first on national liability legislation, which in turn would allow for CSC signature. Although this is a legislative process subject to the whims of Indian politics, there is no question that India will subscribe. Geneva DCM Venkatash Verma added that the Indian side was

planning to make a statement during U/S Burns' next visit to New Delhi that would reaffirm publicly the GOI's intention to move forward on the CSC. On fuel supply, Kakodkar asked Ambassador Schulte for an update of deliberations within the Secretariat on ElBaradei's proposal for a reliable access arrangement. Hearing the Ambassador's reassurance that we do not contemplate any denial of rights, Kakodkar indicated that "if something is spelled out in clear terms we'd certainly be interested in studying such an idea." Kakodkar added that India has its own bilateral concerns about fuel supply, and for New Delhi anything that conditioned such an arrangement on NPT signature would be a deal breaker. "We need to make sure our rights are fully protected," Kakodkar added, but India has much to offer.

SCHULTE